

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

PHI ACQUISITIONS NSA

Docket No. MC2014-21

PHI ACQUISITIONS NSA

Docket No. R2014-6

**RESPONSE OF PHI ACQUISITIONS, INC. TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**
(March 27, 2014)

PHI Acquisitions, Inc. ("PHI") hereby provides its response to Chairman's Information Request (CHIR) No. 1, Question 2, issued March 19, 2014 and referred to PHI by the United States Postal Service on March 26, 2014. Responses were due by March 25, 2014. The response to Question 2 is attached. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response.

Respectfully submitted,
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2. The Agreement contains an implementation date of “July 1, 2014, or a date mutually agreed upon by the Parties.” Notice, Attachment B at 3. The Agreement also contains an effective date that is “the day after the Commission issues all necessary regulatory approval.” Id. at 12.
 - a. Please explain the difference between the “implementation date” and the “effective date” of the Agreement.
 - b. Please describe the significance of the “implementation date” and the “effective date” under the Agreement’s terms.

RESPONSE:

a-b. The Agreement provides for a separate implementation date to provide PHI with sufficient lead time prepare catalog marketing campaigns and ready fulfillment activities to support the incremental NSA volume. For example, PHI will have to order more paper and product inventories to support incremental NSA circulation. PHI cannot undertake these activities prior to regulatory approval of the NSA (*i.e.*, the effective date) as these increased volumes are dependent on the NSA incentives and would not be undertaken without them. Until the NSA rates are definitively established, PHI cannot, as a business matter, make investments it cannot recoup in the absence of the rates. Once the effective date has occurred, and the NSA rates are approved, PHI can prepare its revised campaign and fulfillment plans and implement the NSA.